

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 10, 2011
POSITION: Oppose unless amended
SPONSOR: State Controller

BILL NUMBER: SB 495
AUTHOR: J. Fuller

BILL SUMMARY: Unclaimed Property

This bill would:

- require the Controller to establish a program to identify holders who are not in compliance with unclaimed property law's reporting requirements.
- lengthen the escheat period from three to five years for unclaimed safe deposit box property, and would require holders to provide two notices to apparent owners, instead of just one as required by current law. The additional notice will be required longer in advance of reporting the property to the SCO.
- require the Controller to hold property of no apparent value for seven years, instead of only 18 months as required by current law, before disposing of the worthless property.
- This bill would make other changes related to owner notification.

FISCAL SUMMARY

Per the SCO, the bill would result in delaying the receipt of \$1.7 million in property from safe deposit boxes beginning in 2013-14, and would cause non-receipt of other property from safe deposit boxes compared to what would occur if this bill is not enacted. These effects are due to lengthening of the escheat period and to requiring multiple notices from holders to apparent owners. It is unknown precisely how much less property will be received by the state due to the effect of multiple holder notices.

The SCO estimates no additional costs for extending the escheat period for safe deposit boxes for the first two years. Neither does the SCO estimate any increase in its costs from holding worthless property for a longer period of time before disposing of it.

COMMENTS

The Department of Finance (Finance) opposes this bill, unless amended to delete the provision to amend the Code of Civil procedure by adding Section 1576.5 to require the Controller to establish a compliance program. Existing law already authorizes the Controller to monitor compliance with Unclaimed Property law. We do not believe it is necessary for this bill to include the provision mandating that the Controller establish a program to identify holders who are not complying with unclaimed property law reporting requirements. SCO agrees with the amendment and concurs the provision is not necessary. Finance has no concerns with the other provisions of this bill.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Code
0840/Controller	SO	No	-----	See Fiscal Summary				-----	0001

Analyst/Principal (0123) O. Chaves	Date	Program Budget Manager Veronica Chung-Ng	Date
---------------------------------------	------	---	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

Suggested Amendments
SB 495 (As amended May 10, 2011)

On page 18, delete lines 29-34, as follows:

~~SEC. 8. Section 1576.5 is added to the Code of Civil Procedure,
to read:~~

~~—1576.5. The Controller shall establish a compliance program
to identify holders of unclaimed property who are not in
compliance with the unclaimed property report filing requirements
of Section 1530.~~